

# Lake County, Florida



## Biennial Budget & Capital Improvement Program

Fiscal Years 2002 and 2003



# Board of County Commissioners Lake County

315 WEST MAIN STREET ✦ P.O. 7800 ✦ TAVARES, FLORIDA 32778-7800

## Honorable Members of the Board of County Commissioners And Citizens of Lake County

I am pleased to submit Lake County's Biennial Budget for Fiscal Years 2002 and 2003. This is the County's second two-year budget, and it continues our emphasis on sound, long-range planning.

Our government is faced with providing necessary life and welfare services to an ever-increasing population. As happens in most growing areas, Lake County government is placed in the middle as some do not want change – change in the look of our environment, change in our lifestyle, or change in the manner of doing business. Others see change as inevitable or as progress, and welcome it with open arms. Lake County has seen its population grow from 90,000 in the 1980's to over 210,000 in 2001. The challenge for government comes in serving all of our population.

*Preserving the past* means taking action as we have done to restore the McTureous Memorial Park in Altoona, forever preserving the honor of a Lake County son lost in the war. Preserving our parks and green spaces, preserving our country atmosphere and small town feel does not come without a price. It is important not to lose sight of the dedication and contributions of those who built our County.

*Envisioning the future* is not that difficult. Lake County should be a safe and healthy community in which our children and families can grow. Our County should have an economic base that provides well-paying jobs so residents can enjoy the quality of life they desire. The County must retain a healthy and strong environment which continues to support wildlife, lakes and streams and an atmosphere of peace and relaxation. Lake County has become innovative and creative in providing services such as new and improved roads and libraries. Grants were acquired to provide prescription assistance and hot meals to homebound and indigent senior citizens, as well as literacy programs. Working with community

agencies and building partnerships with our communities has achieved progress in answering their needs. Increasing the occurrence of national sporting events brings visitor dollars into the community while at the same time offering recreational programs for our residents.

These are just a few of our initiatives for *preserving our past while envisioning the future*. Lake County government will continue to face challenges head-on, be vigilant of the obstacles while planning new programs, and make sound decisions on the use of your investment in Lake County.

The foundation of the budget lies in long-term citizen-driven plans that span years and even decades. Integral components of this planning process were the *1997 Lake County Tomorrow Visioning Report*, the *2020 Transportation Plan*, the FOCUS AREAS of the Lake County Board of County Commissioners, and the County's General Comprehensive Plan for land use, transportation, water resources, open space and other public amenities. We also rely on various appointed boards and committees, citizens, and County staff for recommended prioritization.

This message will provide a summary of the guidelines used in the budget process – the County's Fiscal Tenets, as well as major fiscal policy considerations and other key factors in preparing the budget. The Budget Overview section of this message includes significant changes over the prior year and factors contributing to those changes. Examples of the County's efficiencies and cost-saving measures are also featured.

Finally, a look at current economic conditions and forecasts for Lake County complete the biennial budget picture.

## BUDGET IN BRIEF

The adopted budget for Fiscal Year 2002 totals \$269.0 million, a \$17.7 million or 6.9% increase over Fiscal Year 2001. Since, by Florida Statutes, the County may adopt only an annual budget, the Fiscal Year 2003 budget was tentatively approved at \$222.5 million, a \$46.5 million or 17.2% reduction over Fiscal Year 2002.

The countywide property tax rate remained at 5.117 mills, and continues to be the 10<sup>th</sup> lowest in the State. The countywide ambulance rate was reduced by 3.8% to .5289 mills, and the stormwater rate for citizens in the unincorporated area of the county increased to .3 mills.

### Changes From Prior Year's Budget

Several factors contributed to the changes in the budget from Fiscal Year 2001 as noted below:

#### *Personal Services*

Except for the new positions mentioned below, personal services increases for the 2-year budget are 4.7% each year for regular salary increases. Including new staff, FY '02 increased 8.9% and FY '03 increased 4.7% over the prior year's expenditures.

As a result of a comprehensive study in 1999 of the fire staffing levels in the County, fifteen firefighter/EMT's were added to address response times in all areas of the County, for a total of \$800,000. Three staff were added to Public Works, including an Engineer III for Impact Fee projects, a Right-of-Way Agent, and a Sign Shop Assistant. Also added were three Landfill Attendants and an Administrative Office Associate. There were no additional positions added to the General Fund.

There are no new positions recommended for the Fiscal Year 2003 budget.

#### *Operating Expenses*

Inflation, projected at 2% – 2.5%, as well as a population increase of over 3%, caused a 3.7% increase to the FY 02 operating budget. In addition, certain projects in building maintenance and repairs were not complete by the end of the year and were rebudgeted. In addition, recent State legislation requiring Counties to pay for extended indigent health care costs added \$110,000 to the budget.

The rebudgets are not reflected in the FY 03 budget; a 2% reduction in operating expenses is projected.

#### *Capital Outlay*

The major changes in the total budget are in the area of Capital Outlay. With the anticipation of the sunset of the Extra Penny Sales Tax revenue source, most capital projects associated with that source were budgeted for completion in FY 02, accounting for the \$10 million increase. The \$30 million decrease in FY 03 reflects completion of projects in three major areas: (a) Penny Sales Tax - \$14 million; (b) Road Impact Fee projects - \$10 million; and (c) Bonded Revenues for Parks and Recreation - \$4 million.

#### *Debt Service*

In Fiscal Year 2003, the final payment will be made on the Sales Tax Refunding Revenue Bonds, Series 1992, accounting for the 159% decrease in the Debt Service Fund. No new debt is budgeted.

#### *Other Costs*

The Board of County Commissioners' transfers and funding to the Constitutional Offices: Clerk of Courts, Property Appraiser, Tax Collector, Sheriff and Supervisor of Elections account for \$4 million of the total increase in each of the two fiscal years.

Reserves are expected to increase slightly in FY 02. The major areas that account for the FY 03 \$9 million decrease are: (a) Final payment of the Revenue Bonds - no reserves necessary; (b) Increase in staffing for County Fire Fund – may necessitate assessment increase; (c) Ambulance Fund – regular anticipated drawdown; and (d) Solid Waste Long-Term Capital Projects – for completion of landfill expansion.

## BUDGET HIGHLIGHTS

### Total Financial Program

The following table and graph represent the total biennial budget by major class category and by fund types. The total financial program decreases in Fiscal Year 2003 as major capital projects are completed.

### Biennial Budget – Total Financial Program

	<i><b>FY 2002</b></i>	<i><b>FY 2003</b></i>
<b>Operating Budget</b>	\$164,146,749	\$157,949,342
<i>Percent Change</i>	4.3%	(37.8%)
<b>Capital Budget</b>	\$66,348,206	\$35,696,197
<i>Percent Change</i>	18.5%	(46.2%)
<b>Reserves</b>	\$38,509,708	\$28,812,392
<i>Percent Change</i>	4.4%	(25.2%)
<b>Total Financial Program</b>	\$269,004,663	\$222,457,931
<i>Percent Change</i>	7.5%	(17.3%)

### Biennial Budget – Budget by Fund Type

	<i><b>FY 2002</b></i>	<i><b>FY 2003</b></i>
<b>General Fund</b>	\$89,203,593	\$88,133,371
<i>Percent Change</i>	4.5%	(1.2%)
<b>Special Revenue</b>	\$103,335,260	\$78,980,993
<i>Percent Change</i>	20.5%	(23.6%)
<b>Debt Service</b>	\$12,088,148	\$4,662,694
<i>Percent Change</i>	(4.9)%	(159.3%)
<b>Capital Projects</b>	\$19,829,294	\$7,166,471
<i>Percent Change</i>	(2.3%)	(63.9%)
<b>Enterprise</b>	\$29,787,454	\$29,315,897
<i>Percent Change</i>	(11.2%)	(1.6%)
<b>Internal Service</b>	\$10,733,270	\$9,999,526
<i>Percent Change</i>	14.6%	(6.8%)
<b>Trust and Agency</b>	\$4,027,644	\$4,198,979
<i>Percent Change</i>	13.2%	4.3%
<b>Total Financial Program</b>	\$269,004,663	\$222,457,931
<i>Percent Change</i>	7.5%	(17.3%)

### Personnel

Total full-time positions for the Board of County Commissioners for FY 02 and FY 03 are 666, an increase of 20 over the prior year. In addition, the Office of the Clerk of Courts added 11 positions and the Sheriff increased that office's roster by 15, bringing the countywide total to 1,523.

### Capital Improvements Program

The total Capital Improvements Program is \$66.3 million in FY 02 and \$35.7 million in FY 03. Highlights of the capital program are:

### Capital Outlay Fiscal Year 2002

#### - Infrastructure Sales Tax Projects

- ? Renovation (\$1,057,485) of the recently purchased First Union building in Tavares for the Clerk of Courts Recording Division;
- ? Completion of library facilities in Groveland, Astor and Paisley (\$1,585,390) and purchase of a library site in the Citrus Ridge area (\$400,000);
- ? Renovation (\$625,000) of the Tavares Public Health building for a central communications center;
- ? Funding for a new Solid Waste Recycling Center (\$1,500,000);
- ? Final funding (\$1,462,240) of the replacement of chilled water lines between buildings on the Tavares campus;
- ? Final funding (\$3,502,300) for the radio communication/towers project;
- ? Funding for new, State-approved voting machines (\$2,729,825);
- ? Purchase of patrol vehicles (\$752,000) for Sheriff's Office;
- ? Funding (\$2 million) for road resurfacing and widening.

#### - Projects From Other Funding Sources

- ? Continued funding for local and major street renovations and reconstruction
  - ✍ Gas Tax Dollars (\$4,300,954), including Special Assessments and equipment)
  - ✍ Impact Fee Dollars (\$31,545,643);
- ? Parks and green-space projects (\$3,968,498) using bonded dollars from Pari-mutuel revenues;
- ? Continued funding for fire stations and equipment
  - ✍ Fire Assessments dollars (\$4,051,958) for completion of fire stations at Astor, Bay Lake and Summer Bay, plus fire trucks and equipment
  - ✍ Fire Impact Fee dollars (\$1,441,081) for trucks and equipment;

- ? Funding (\$1,013,650) for stormwater improvements in Lake Minnehaha and Lake Griffin from ad valorem assessment.
- ? Through a grant from the Florida Office of Tourism, Trade & Economic Development (\$372,391), purchase and place three modular buildings to be used as community centers in the Town of Astatula, City of Umatilla and the Paisley Community.

### Capital Outlay Fiscal Year 2003

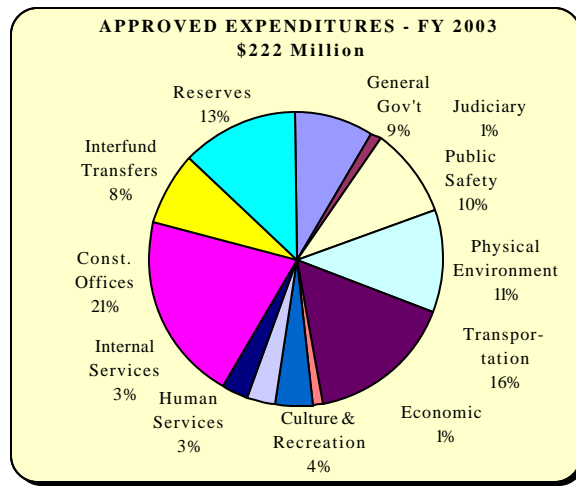
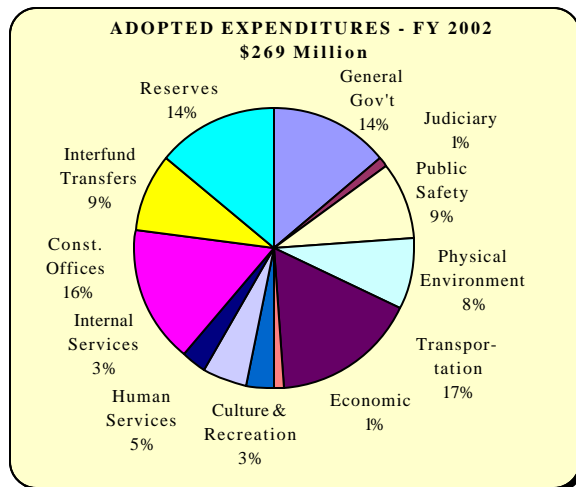
#### - Infrastructure Sales Tax Projects

- ? Purchase (\$2 million) of property for a South Lake County government complex;
- ? Final funding (\$685,420) for renovation of fairgrounds.

#### - Projects From Other Funding Sources

- ? Continued funding for local and major street renovations and reconstruction
  - ✍ Gas Tax Dollars (\$3,705,992), including Special Assessments and equipment)
  - ✍ Impact Fee Dollars (\$21,012,427);
- ? Funding from Solid Waste assessments (\$2,002,586) for new Phase IIIA landfill construction.
- ? Funding (\$1,580,000) for stormwater improvements in Lakes Minnehaha, Griffin, Clear, Myrtle, Smith and Sandhill from ad valorem assessment.

### WHERE THE MONEY GOES BY TYPE OF PROGRAM



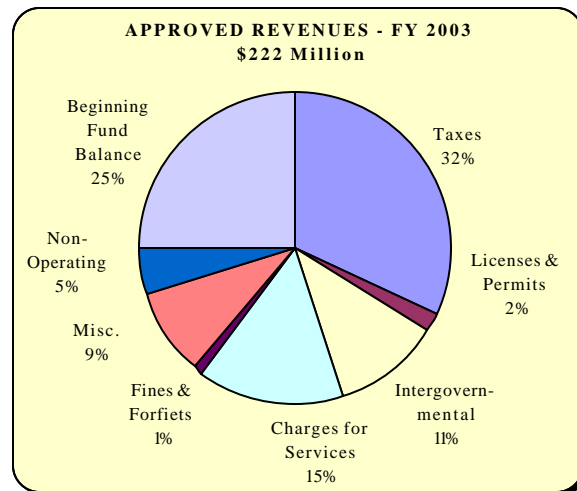
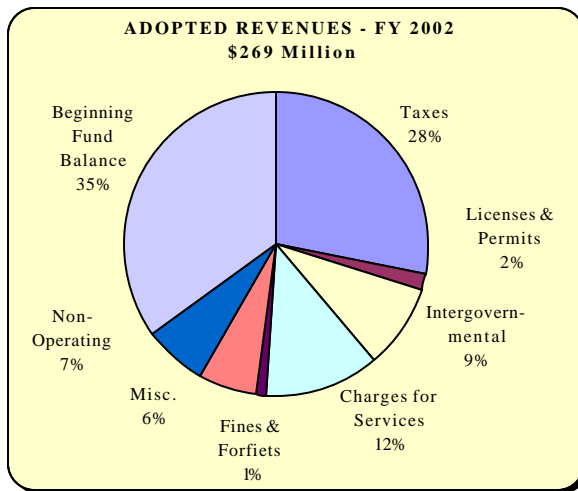
### REVENUE CONSIDERATIONS

The County annually adopts fees for services. There were two changes in the County's fee structure for Fiscal Year 2002.

**Solid Waste.** Assessments increased for disposal from \$90.46 to \$107.50, to assist in an increase in annual payments to the owner of the incinerator.

**Fire and Rescue.** Assessments increased from \$90 to \$94.50, a 5% increase, consistent with commissioners' long-range plan to provide better response time within the community.

## WHERE THE MONEY COMES FROM BY SOURCE OF FUNDS



### EFFICIENCY IMPROVEMENTS AND COST-CUTTING MEASURES

Lake County makes an ongoing effort to improve the efficiency and effectiveness of services, such as developing methods of reducing the cost of services and preventing cost increases (cost avoidance).

As part of an ongoing effort to identify efficiency enhancements, Departments were asked to reduce proposed operating budgets on two separate occasions. The result was an overall reduction in operating expenses for FY 02 of \$2,576,939 and an additional \$1,246,292 in FY 03.

In addition, the Information Technology staff and the Fleet Maintenance staff were directed to provide guidelines for replacement computers and vehicles. By extending the useful life of these capital items, \$50,000 was eliminated in the two budget years.

Also, the Sheriff's office renegotiated the pay telephone contract, resulting in an additional \$300,000 per year in revenues.

Our citizens have helped hold down costs by volunteering thousands of hours to provide additional front-line support and assist with special projects. At the Lake County Welcome Center and the Horticultural Learning Center alone, more than 8,000 hours were donated with a total estimated value of more than \$105,300.

### BUDGETING FOR RESULTS - PERFORMANCE ACCOUNTABILITY

Early in the budget process, Commissioners adopted four Focus Areas along with specific goals in each area, as guidelines for the two-year cycle. The broad categories of the Focus Areas are:

- I. Promote Sustainable Environment
- II. Strengthen Economic and Cultural Base
- III. Nourish Communities
- IV. Increase Citizen Confidence

As part of the budgeting process, each Department is responsible for submitting program performance goals and related target measures for accomplishing the goals. After extensive research on best practices in both the private and public areas, Departments set goals, along with action steps, which directly link to the Board's major Focus Areas.

The framework is highly focused on performance accountability, and emphasis is placed on four major areas:

- ✍ Customer Service
- ✍ Financial Consideration
- ✍ Internal Efficiency
- ✍ Employee Education and Training

To complete the accountability link, each employee has an individual goal for the year that relates to one of the Departmental program goals.



## COUNTY'S FISCAL TENETS

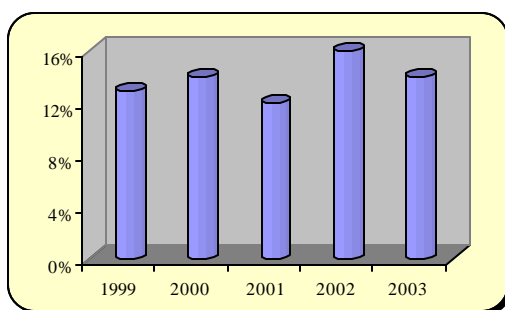
In January, prior to beginning the budget process, County Commissioners, the County Manager, and Department Directors held a fiscal retreat to adopt fiscal tenets, or guidelines, which would become Staff's direction for budget submittals of goals, objectives, and dollars. The following fiscal guidelines were adopted and incorporated into the biennial budget:

***Keep the countywide millage rate at the current level.*** The countywide tax rate is \$5.117 for each \$1,000 of assessed value of property, which was the same rate for Fiscal Year 2001.

***Current revenues will be sufficient to support current expenditures.*** This objective was substantially met in each of the County's 44 operating funds through a series of budget cuts, totaling nearly \$2 million for FY 2002 and \$1.3 million for FY 2003, subsequent to the initial baseline budget requests. A few funds, however, have a planned drawdown of fund balances for one-time expenditures, primarily for capital projects.

***The General Fund will maintain a contingency sufficient to support emergencies and unforeseen circumstances.*** The following chart illustrates the stability of the General Fund reserves for five fiscal years.

General Fund Reserves  
As a Percent of Operating Expenditures



***The County will provide sufficient maintenance and replacement dollars to ensure facilities and equipment are properly maintained.*** To ensure that capital facilities are maintained requires not only dollars for capital expenses, but also a strong preventive maintenance program. **Seven (7) cents** of every dollar of the General Fund budget is set aside

to maintain the nearly 100 buildings owned by Lake County citizens. In addition, a rigorous fleet replacement and computer replacement program was implemented in Fiscal Year 2002, ensuring strict economical purchasing standards and saving the taxpayers more than \$50,000.

***Maintain a competitive compensation and benefits package.*** Phase One of a salary study was implemented in Fiscal Year 2001, which brought each employee of the Lake County Board of County Commissioners to at least the minimum of their established pay grade. The final phase will be implemented in Fiscal Year 2002: a merit plan for salary compensation based on the mid-point of the salary range will bring staff salaries to a competitive market value more quickly.

With these basic tenets as a guide, the following major budget policy directions were followed during the budget preparation.

## MAJOR POLICY CONSIDERATIONS

Choices for budget appropriations were made within the context of the County's long-range financial plan, comprehensive financial policies, debt management plan, and strategic planning process.

### Long-Range Financial Plan

By submitting budgets for two subsequent years and a third pro forma year, the County will be able to continue to strengthen reserves – funds set aside for economic stabilization, infrastructure replacement, liability claims, and other special needs. In addition, by establishing a 5-year Capital Improvements Program, the County is able to plan for infrastructure needs such as roads, office space, parks and libraries.

### Comprehensive Financial Policies

We continue to follow our comprehensive financial policies and procedures with this budget. These encompass the sound financial management principles promulgated by the Government Finance Officers' Association, the International City Management Association, independent bond credit rating agencies, the County Manager, and the Budget Division and County Finance Department staff. Adoption of sound financial policies demonstrates to the public, the credit rating industry and prospective investors (bond buyers), the County's commitment to preserving Lake County's fiscal integrity.

### Debt Management Plan

In deciding the type of debt to issue and when, the County first considers all financing alternatives, then determines whether there is adequate revenue coverage to repay the debt. The County also ensures that the term of the debt does not exceed the useful life of the assets financed and that sufficient debt service reserves are maintained. The County's annual debt obligations are fully funded in this biennial budget.

In 1992, the County issued \$35,995,000 in bonds to advance refund \$32.5 million of outstanding 1987 Sales Tax Revenue Bonds using Infrastructure Sales (Extra Penny) Tax as the first revenue pledge. The bond is rated Aaa by Moody's Investors Service and AAA by Standard and Poor's Corporation. These ratings are the highest assigned by the respective services, and denote that Lake County's capacity to meet its financial commitment is extremely strong. The final maturity on this issue is Fiscal Year 2003. No new debt is budgeted for Fiscal Years 2002 or 2003.

### Strategic Planning Process

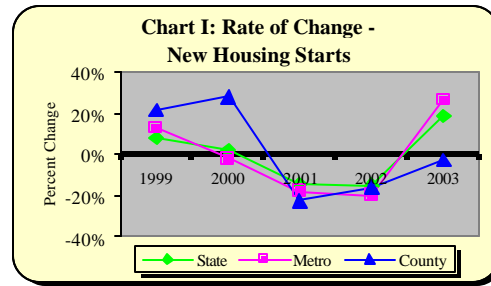
For several years, the major impetus of the Board of County Commissioners has been long-range, strategic planning particularly in the areas of "smart growth" as it relates to land development regulations, county infrastructure such as roads and bridges, and county government buildings. In addition, Commissioners recognize the changing age groups in our growing population, and have addressed issues such as parks, community centers, and services for the elderly.

In response to these issues, during the spring of 2001, the Board adopted the Focus Areas for the Biennial Budget and listed specific goals addressing the citizens' concerns. The budget links the funding for these programs to measurable departmental goals and objectives.

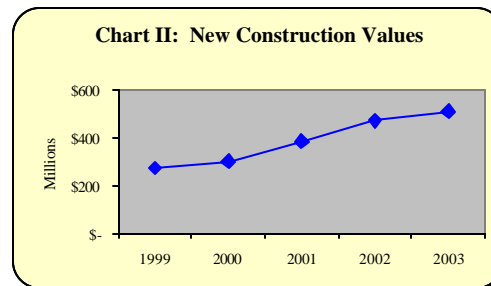
### ECONOMIC CONDITIONS

A final, but very important, consideration in the budget process is the assessment of the economic outlook for the nation, the State of Florida, and Lake and surrounding counties. Throughout the spring and summer of 2001, the nation experienced an economic slowdown and the budget was prepared with this information in mind. The budget was adopted during September, when the nation's economy was in turmoil because of terrorist attacks and other negative economic indicators. As the months progress, the Budget staff will continually monitor the economic

and revenue situation and recommend any required action.



The first chart looks at the rate of change in new housing starts. Lake County out-paced the State and surrounding Counties in 2000, creating opportunities for future growth in the commercial and industrial industries. New housing starts are expected to be slower than those in the surrounding Counties during Fiscal Year 2003.



The assessed taxable value for new construction continues to climb, indicating strength in the commercial area. Chart II reflects the projections of continued growth in this area.

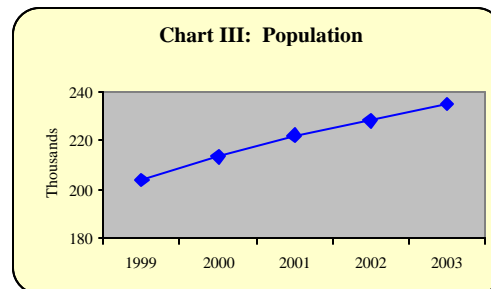
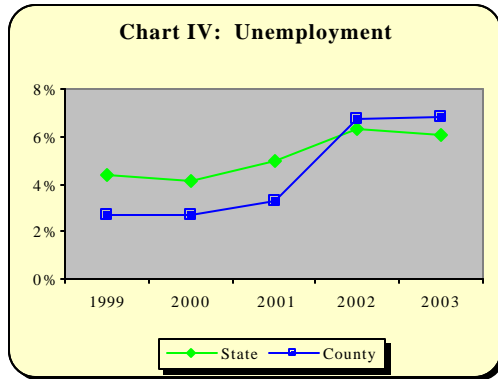


Chart III shows a minimum of a 10% growth in population over the five-year period.



The fourth chart indicates a projected spike in the unemployment rate higher over the next two years. This area may affect the social services side of the budget, and will need watching closely.



## ACKNOWLEDGEMENTS

In April, when I was asked to serve as Interim County Manager, I failed to appreciate the enormity of the job. Since then, I have learned much about county government and have been involved with the Commissioners, County employees and the public in very different ways than I was accustomed. Perhaps one of the most daunting tasks that I faced was making a budget recommendation to the Board of County Commissioners. Consider this task in context – my budget cost center is one of the smallest in the County, and I usually left the entire process to my assistant.

I could not have accomplished any part of this budget without a great deal of help. All the Constitutional Officers were very cooperative with special help coming from the Property Appraiser and Sheriff's offices with their early estimates on revenue and budgets. The County Departments spent many hours in preparing their budget requests and enduring an endless stream of questions from me as I reviewed the budget. And, of course, the County Budget office has worked tirelessly to accommodate my requests even when I changed my mind several times.

The adopted biennial budget reflects the Commissioners' policies of preserving Lake County's strong financial position by maintaining strong fund balances and reserves, attracting and retaining high quality staff with highly competitive salaries and benefits, and making decisions within the context of our long-range financial capacity. We continue to meet the needs of our community at the lowest possible cost to our citizens.

Respectfully submitted,

Sanford A. Minkoff  
Interim County Manager

